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CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
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On page 1, paragraphs 1 and 2, Transport Section should read Transport Division.
 On page 2, paragraph 4, Zholnin is S. A. Zholnin.

Comment: According to previous information, the Transport Division controlled Inturist but not joint transport companies located in other countries. 25X1

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1. Since 1949 there have been several changes in the structure and organization of the Ministry of Foreign Trade. 1. [redacted] 25X1
 - a. Reorganization of the Transport Directorate (Transportnoye upravleniye) to form the Transport Section (Transportnyy otdel).
 - b. Reduction of personnel abroad.
 - c. Appointment of Ministry of Foreign Trade plenipotentiaries abroad.
 - d. Subordination of GUSIMZ to the Ministry of Foreign Trade.
2. Sometime during the period 1949-1951 the Transport Directorate of the Ministry of Foreign Trade was reorganized and reduced to the status of a section. During the period before 1949 DERUTRA (Deutsch-Russische Transport Gesellschaft) was subordinate to the Transport Directorate of the Ministry of Foreign Trade. After 1949 DERUTRA was subordinate to IranSovTrans. Source does not know whether the subordination to IranSovTrans replaced the previous subordination to the Transport Directorate of the Ministry of Foreign Trade or DERUTRA also remained subordinate, at least in some way, to the newly organized Transport Section of the Ministry.

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3. In 1951 a large reduction in Ministry of Foreign Trade personnel abroad was effected. [redacted] this was a thoroughly justified economy move, since after World War II the T/O's of Soviet trade agencies abroad were drawn in anticipation of developed trade with the West and provided for a considerable number of personnel. As time went on, it became evident that large-scale foreign trade could not be developed; hence the reduction. [redacted] in the Planning Section of DERUTRA [redacted] there were two Soviet employees and four Germans. [redacted] for about 15 days every month they had nothing to do.

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[redacted]
 at this time three out of four Soviet employees of the Transport Section. Soviet Trade Mission in Berlin, were sent home [redacted] this was also true of many other offices. Similar reductions in force were effected in Soviet foreign trade organizations in other countries.

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4. After World War II the former Axis assets in Austria, Germany, Hungary, Rumania, Bulgaria, Finland, Korea, and Manchuria, liberated or occupied by the Soviet army, were taken over by the USSR and exploited. However, since there were no central administrative bodies responsible for the exploitation of this property in each of the respective countries, there was an urgent need to coordinate activities of the Soviet-owned enterprises in these countries. It should be borne in mind that in addition to USIG in Germany, USIA in Austria, USIV in Hungary, USIR in Rumania and so on, which managed a number of Soviet-owned enterprises, there were many Soviet-administered enterprises in each of these countries which were directly subordinate to GUSIMZ in Moscow. Therefore, the subordination was very loose and quite individualistic. Source knows that a Soviet Ministry of Foreign Trade plenipotentiary was appointed to Hungary in 1950. At approximately the same time plenipotentiaries were also appointed to Rumania and Bulgaria. The first Ministry of Foreign Trade plenipotentiary, name unknown, was appointed to Austria at the beginning of 1953. After a few months he was replaced by ZHOLNIN, a high Party functionary from Moscow.

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[redacted] after the appointment of plenipotentiaries, conditions in Soviet-owned enterprises in Bulgaria, Rumania and Hungary did improve and a certain degree of coordination was enforced. [redacted] in Austria [redacted] no improvement after the appointment of the plenipotentiary. To a large extent, as far as USIA's enterprises were concerned, coordination had been achieved previously by USIA.

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[redacted] there were no visible signs of such coordination and the financial difficulties of the enterprises remained as acute as before.

5. Some time after the death of STALIN, approximately in May 1953, in a general drive to reduce the number of top-level government agencies, GUSIMZ lost its independence and was subordinated to the Ministry of Foreign Trade.

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[redacted] Neither GUSIMZ's nor USIA's T/O's were reduced or changed as a result of the new subordination.

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6. During 1950 and the beginning of 1951 there were many rumors that the All-Union Association International Book (Vsесоюзное об'единение Международной Книги), until that time subordinate to the Ministry of Foreign Trade, would be divorced from the Ministry and made subordinate to the USSR Council of Ministers. Allegedly, this project was initiated on the highest USSR level and was intended to expand the activities of this association abroad. It should be borne in mind that until that time the Meждународная Книга was a typical bureaucratic organization whose activities hardly satisfied the requirements of the ideological struggle conducted by the Soviet government.

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[redacted] Meждународная Книга was despised by Foreign Trade Institute graduates and those students appointed to Meждународная Книга after completion of the Institute course (usually the less successful ones) were either laughed at or pitied. At the beginning of 1951, as part of the realization of this project, the former director of the Foreign Trade Institute, Afanasiy Andreyevich ZMEUL, a well-known administrator and influential person in Soviet political circles, was appointed president of Meждународная Книга. The T/O of this organization was to be considerably enlarged, salaries of personnel increased by 30%, and more efficient personnel assigned to this organization.

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